

105TH CONGRESS
2D SESSION

S. 2376

To amend the Internal Revenue Code of 1986 to provide tax incentives
for land sales for conservation purposes.

IN THE SENATE OF THE UNITED STATES

JULY 30, 1998

Mr. JEFFORDS introduced the following bill; which was read twice and
referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide
tax incentives for land sales for conservation purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Conservation Tax In-
5 centives Act of 1998”.

1 **SEC. 2. EXCLUSION OF 50 PERCENT OF GAIN ON SALES OF**
 2 **LAND OR INTERESTS IN LAND OR WATER TO**
 3 **ELIGIBLE ENTITIES FOR CONSERVATION**
 4 **PURPOSES.**

5 (a) IN GENERAL.—Part I of subchapter P of chapter
 6 1 of the Internal Revenue Code of 1986 (relating to treat-
 7 ment of capital gains) is amended by adding at the end
 8 the following new section:

9 **“SEC. 1203. 50-PERCENT EXCLUSION OF GAIN ON SALES OF**
 10 **LAND OR INTERESTS IN LAND OR WATER TO**
 11 **ELIGIBLE ENTITIES FOR CONSERVATION**
 12 **PURPOSES.**

13 “(a) EXCLUSION.—Gross income shall not include 50
 14 percent of any gain from the sale of land or an interest
 15 in land or water (determined without regard to any im-
 16 provements) to an eligible entity if—

17 “(1) such land or interest in land or water was
 18 owned by the taxpayer or a member of the tax-
 19 payer’s family (as defined in section 2032A(e)(2)) at
 20 all times during the 3-year period ending on the date
 21 of the sale, and

22 “(2) such land or interest in land or water is
 23 being acquired by an eligible entity with funds from
 24 a program or source established for or consistent
 25 with 1 or more of the conservation purposes speci-

1 fied in clause (i), (ii), or (iii) of section
2 170(h)(4)(A).

3 “(b) ELIGIBLE ENTITY.—For purposes of this sec-
4 tion, the term ‘eligible entity’ means—

5 “(1) any agency of the United States or of any
6 State or local government, or

7 “(2) any other organization that—

8 “(A) is organized and at all times operated
9 principally for 1 or more of the conservation
10 purposes specified in clause (i), (ii), or (iii) of
11 section 170(h)(4)(A),

12 “(B) is described in section 501(c)(3) and
13 exempt from tax under section 501(a), and

14 “(C)(i) meets the requirements of section
15 509(a)(2), or

16 “(ii) meets the requirements of section
17 509(a)(3) and is controlled by an organization
18 described in section 509(a)(2).

19 “(c) STOCK IN HOLDING CORPORATIONS.—For pur-
20 poses of this section, the term ‘land or an interest in land
21 or water’ shall include stock in any corporation, if the fair
22 market value of the corporation’s land or interests in land
23 or water equals or exceeds 90 percent of the fair market
24 value of all of such corporation’s assets at all times during
25 the 3-year period ending on the date of the sale.”

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part I of subchapter P of chapter 1 of the Internal
3 Revenue Code of 1986 is amended by adding at the end
4 the following new item:

“Sec. 1203. 50-percent exclusion of gain on sales of land or interests in land
or water to eligible entities for conservation purposes.”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to sales occurring on or after the
7 date of enactment of this Act.

